



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 29, 2016

Scott Bakken
Energy Fuels Resources (USA)
225 Union Boulevard, Suite 600
Lakewood, Colorado 80228

Subject: Initial Review of Revised Reclamation Cost Estimate, Energy Fuels Resources (USA), Energy Queen Mine, M/037/0043, San Juan County, Utah

Dear Mr. Bakken:

The Division of Oil, Gas and Mining has reviewed the referenced reclamation cost estimate which was received March 7, 2016. The attached comments will need to be addressed before the Division approves the estimate. Please submit your response to this review by May 2, 2016.

Please contact the lead for this project, Mike Bradley, at 801-538-5332, Wayne Western at 801-538-5263 (for specific surety calculation questions), or me at 801-538-5261 if you have questions about the review or if you would like to schedule a meeting to discuss the comments. Thank you for your cooperation in completing this permitting action.

Sincerely,

Paul B. Baker
Minerals Program Manager

PBB: mpb: pb

Attachment: Review

P:\GROUPS\MINERALS\WP\M037-SanJuan\M0370043-Hecla (EnergyQueen)\final\Rev1-7232-03292016.doc

INITIAL REVIEW OF REVISED RECLAMATION COST ESTIMATE

Energy Fuels Resources (USA)

Energy Queen Mine

M/037/0043

March 29, 2016

General Comments:

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
1	General	The Division may have additional comments based on the responses to this review.	OGM	

R647-4-113 – Surety

Comment #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
2	Task 1	Please include as a line item the cost to dispose of the equipment and materials in a landfill. Often the costs for disposal of such materials in a landfill are more than the demolition and haul fees.	whw	
3	Task 6	Please include costs for disposal of the pond liner as a line item. Often the costs for disposal of such materials in a landfill are more than the demolition and haul fees.	whw	
4	Task 9	Please provide at least three detailed quotes for abandoning the monitoring wells. The cost of \$3,756.00 is much less than what the Division is usually quoted for well closures.	whw	
5	Regrading	The quantity for re-grading the pond is 10 cubic yards, but the cost is \$3,383 which implies 10 hours of machine time. Please clarify.	whw	
6	Earthwork	Use of Bluebook rates. The Division policy is to use Bluebook rates whenever possible. The Bluebook rates are based on the assumption that the contractor owns the equipment but charges a rate for the equipment to be on site. The Bluebook operating costs are based on actual data. There are several advantages for the Division and Operators to use standard third party costs whenever possible.	whw	
7	Earthwork	Please use R. S. Means labor rates. The Division usually does not rely on local labor but rather labor rates from the main population centers of Utah and other states. Often the contractors that do the work come from the Wasatch Front or out of state. When possible the Division relies on R. S. Means labor rates.	whw	
8	Earthwork	For a D9 dozer, please use costs from Bluebook 2016: \$24,400.00 monthly rate (176 hours/month), operating cost \$125.20/hour, add 10% to rental rate and operating cost for overhead and profit.	whw	
9	Earthwork	For D7, please use costs from Bluebook 2016: \$14,415.00 monthly rate (176 hours/month), operating costs \$72.10/hour, add 10% to rental rate and operating cost for overhead and profit.	whw	

Initial Review
Page 3 of 3
M/037/0043
March 29, 2016

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
10	Earthwork	For 966H, please use costs from Bluebook 2016: \$8,250.00 monthly rate (176 hours/month), operating costs \$58.70/hour, add 10% to rental rate and operating cost for overhead and profit.	whw	
11	Earthwork	For 938H, please use costs from Bluebook 2016: \$5,715.00 monthly rate (176 hours/month), operating costs \$35.40/hour, add 10% to rental rate and operating cost for overhead and profit.	whw	
12	Earthwork	For 40 ton crane Grove RT650E, please use costs from Bluebook 2016: \$10,655.00 monthly rate (176 hours/month), operating costs \$55.20/hour, add 10% to rental rate and operating cost for overhead and profit.	whw	
13	Earthwork	For 10 cubic yard dump truck, please use costs from Bluebook 2016: \$2,870.00 monthly rate (176 hours/month), operating costs \$43.90/hour, add 10% to rental rate and operating cost for overhead and profit.	whw	
14	Summary bonding sheet	Please include 10% for mobilization and demobilization. The 10% mob/demob includes other items besides moving equipment to and from the site. Those costs include but are not limited to performance bond, permits, insurance and other costs.	whw	